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PERIODIC REPORT ON EVALUATION

Report of the Executive Director

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08-31273 (E)

I. INTRODUCTION

1. This report is submitted to the Executive Board in response to Governing Council decisions 82/20 and 90/35A, which requested the Executive Director to report biennially on evaluation activities.

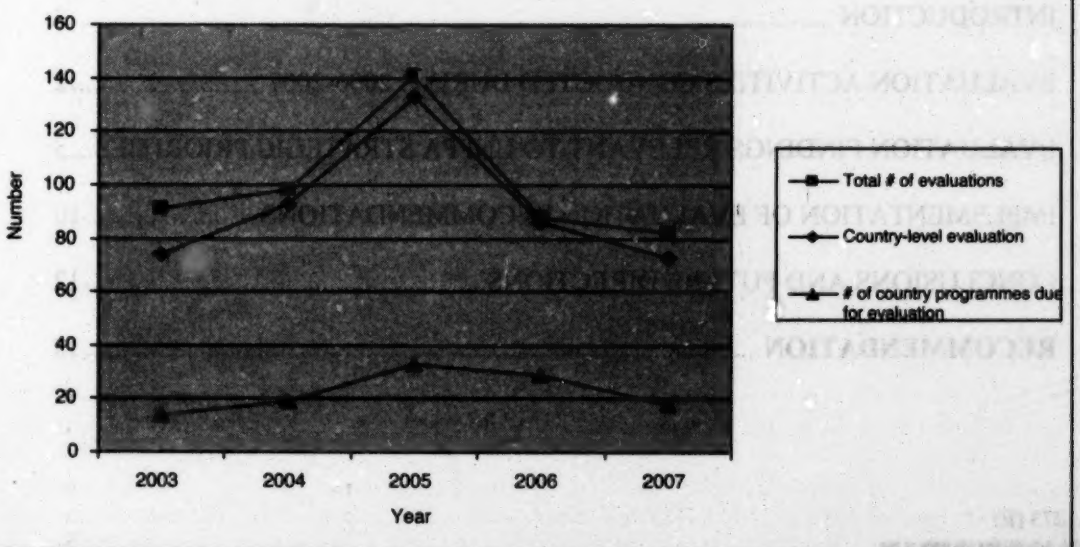
2. Following the introduction, section II of the present report provides details on evaluations undertaken within UNFPA during the biennium 2006-2007, including on the coverage, practice, compliance and quality of evaluations. Section III highlights key evaluation findings relevant to UNFPA strategic priorities, including those related to the outcomes of the UNFPA multi-year funding framework (MYFF), 2004-2007, and the UNFPA intercountry programme, 2004-2007. Section IV summarizes efforts regarding the implementation of evaluation recommendations. Section V presents conclusions and future directions. Section VI contains a recommendation.

II. EVALUATION ACTIVITIES CONDUCTED DURING 2006–2007

Overview and trends

3. During the period 2006–2007, UNFPA conducted 170 evaluations: 159 at the country level, five at the regional level and six at the global level. Forty-five per cent of the evaluations were in the area of reproductive health, including adolescent reproductive health; 21 per cent were multisectoral, including country programme evaluations; and 13 per cent concerned gender themes. Figure 1 illustrates the trend in the number of evaluations. Variations in the number of annual evaluations occur due to the different stages of programme and project cycles.

Figure 1: Evaluation Trends 2003 - 2007



4. In 2007, two independent evaluations were commissioned: one on UNFPA experience in increasing aid effectiveness through participation in sector-wide approaches (SWAps); and the other on the use of joint programmes in the area of reproductive health, including HIV/AIDS prevention. The main purpose of the SWAp evaluation was to examine whether UNFPA participation in SWAps had enabled a greater return on investment than might otherwise have been the case. The evaluation of joint programmes assessed whether the Fund's participation in joint programmes enhanced its performance at the country level and contributed to promoting and mobilizing resources for implementing the Programme of Action of the International Conference on Population and Development (ICPD). The main findings from both these evaluations will be available later in 2008.

5. Of the evaluations conducted during the 2006-2007 biennium, 17 were joint evaluations conducted together with other United Nations agencies, multilateral or bilateral organizations, and governmental or non-governmental organizations.[1] About one fifth of the country-level evaluations were conducted by a team of international and national evaluators as in the previous reporting period, and another one fifth were carried out by international evaluators. The remaining evaluations were conducted by national evaluators.

6. The review of evaluation activities undertaken in 2006 and 2007 indicates that 75 per cent of country offices conducted a country programme evaluation before the start of a new country programme cycle. Of the country programme evaluations reviewed on a sample basis, about one fifth of the evaluations included an assessment of outcomes. A major constraint for conducting outcome evaluations was the unavailability of baseline and end-line data on programme indicators and UNFPA is taking targeted measures to ensure that this data is available for all the new country programmes.

7. The 27 UNFPA-supported pilot projects which experimented with new and innovative approaches before replicating or scaling up, all conducted an evaluation in 2007. The projects focused on such issues as reducing child marriage; involving men as partners in promoting reproductive health in the workplace; promoting youth-friendly services; introducing life skills education; addressing obstetric fistula; providing psychosocial training for school counsellors; and strengthening emergency obstetric care.

Evaluation quality

8. UNFPA regularly monitors the quality of evaluation to support and inform the implementation of organizational goals and priorities, as recommended by the Evaluation Quality Assessment (EQA) conducted in 2005. A sample of 34 evaluation reports produced between 2006 and 2007 was reviewed against a set of 23 minimum standards for evaluation quality aligned with the United Nations Evaluation Group (UNEG). This includes the internationally recognized

[1] Among others, these include UNDP, UNICEF, WHO, WFP, government ministries, local governments, Canadian International Development Agency (CIDA), Department for International Development (DFID), Japan International Cooperation Agency (JICA), Population Council, CARE, Stanford University, Columbia University, and the Swiss Red Cross.

evaluation standards for relevance, effectiveness, efficiency, sustainability and impact and other standards such as adequate attention to gender equality and the use of best practice evaluation methodology.

9. According to the analysis of the 34 reports reviewed (18 evaluations in 2006 and 16 in 2007), 37 per cent of the evaluation ratings were satisfactory or better, as compared to the 2002-2004 period when 41 per cent of the evaluation ratings were satisfactory or better. The evaluation quality remained unsatisfactory in many areas as was also indicated in the findings of the oversight missions conducted by the UNFPA Division for Oversight Services (DOS), which examined the quality of monitoring and evaluation in 15 countries during 2006-2007. As reported in the internal audit and oversight activities report (DP/FPA/2008/11), compliance with recognized standards for measuring relevance, effectiveness, efficiency, impact and sustainability could be improved and UNFPA is taking targeted measures to do so, as explained below in section V.

Capacity development activities

10. The number of UNFPA country offices that supported the development of national results-based management capacities, including monitoring and evaluation, increased from 46 per cent of all country offices to 71 per cent. While the Ministries of Health were the primary recipients of capacity development support, there has also been increased UNFPA support to other line ministries, such as the Ministries of Economy, Finance and Planning, and the national AIDS organizations. The focus of UNFPA support ranged from indicators systems (contribution to developing databases such as DevInfo, health information systems and logistics management information systems) to broader results-based monitoring and evaluation systems development in the context of HIV/AIDS and poverty reduction strategies.

11. In 2007, the regional and subregional offices of UNDP, UNICEF, UNFPA and WFP in South and East Asia and the Pacific launched the United Nations Evaluation Development Group. The overall goal of this group is to strengthen the evaluation function of the member United Nations regional and subregional offices, and to contribute to further development of national evaluation capacities. Each agency is contributing financially to the activities which include, inter alia, engaging national and subnational government officials in using evaluations to track achievement of the Millennium Development Goals (MDGs); providing a regional forum for sharing of experiences and professional development; and organizing short-term training programmes for United Nations staff and national partners.

12. UNFPA financed a series of studies, in collaboration with UNDP, UNICEF, UNAIDS and bilateral donors, on the state of public sector monitoring and evaluation in Côte d'Ivoire Democratic Republic of the Congo, Niger and Senegal. Some of the studies were linked to the development of poverty reduction strategies. The initiative resulted in the development of national action plans to strengthen the public sector monitoring and evaluation function. The studies found, among others, that the growing demand for public sector evaluations was not being adequately met. This was due to a lack of coordination at national level among government organizations engaged in data collection, monitoring and evaluation; poor accessibility to evaluation reports; and

the fact that available evaluations tended to focus on projects and programmes, and rarely on policies.

13. Internally, UNFPA organized comprehensive programme management training for all new national programme officers and some newly recruited country technical services team (CST) advisers in the Africa region. The principles and practices of results-based monitoring and evaluation formed a significant part of the training programme.

Interagency activities

14. During 2007, UNFPA participated in the UNEG task force on evaluation guidance for human rights and gender equality, and the UNEG evaluation capacity development task force. The task force on evaluation guidance for human rights and gender equality was constituted following the 2007 annual general meeting of UNEG in Geneva. The objective of this task force is to develop a guidance document on the management and conduct of evaluations using a human rights and gender equality perspective. Key task force activities included a mapping of existing evaluation guidance and the development of a concept note which included a draft annotated outline for the guidance material to be produced. In 2008, the task force will focus on the development of these materials based on further guidance from the 2008 annual general meeting.

15. The evaluation training group of the UNEG evaluation capacity development task force developed an introductory course as part of an evaluation training programme in partnership with the United Nations System Staff College. UNFPA staff participated in the review of the training course materials and the pilot training.

III. EVALUATION FINDINGS RELEVANT TO UNFPA STRATEGIC PRIORITIES

16. Based on content analysis of 20 evaluations that were conducted during the period 2006-2007, this section focuses on the major findings of evaluations of country, regional and global projects and programmes. The analysis provides a snapshot of the evaluation findings pertaining to the strategic priority areas of UNFPA.

Reproductive health

Access to comprehensive reproductive health services

17. Several evaluations reported successful interventions on improving the coverage and quality of reproductive health services and resulting increases in condom use and contraceptive prevalence rates (for example, in Kyrgyzstan, Mongolia, Thailand and Senegal). In one case, full access to reproductive health was achieved by integrating a minimum package of reproductive health at all service delivery points in the target regions, in collaboration with UNICEF and WHO. The intervention led to a significant reduction in the maternal mortality ratio in one of the target regions. Contributing to the success of the intervention were free delivery services as well as strengthened management of services, including supportive supervisory visits and service provider

self-evaluations. Other evaluations reported an increase in the proportion of births attended by skilled personnel (for example, in Eritrea, Senegal and Thailand). Furthermore, establishing maternity waiting homes and improving timely antenatal care were found to be effective strategies to increase skilled attendance at birth in Eritrea and Mongolia.

18. While institutional delivery is proven to reduce the occurrence of maternal deaths, UNFPA-funded interventions faced challenges in changing the practice of home deliveries (which are often assisted by traditional birth attendants) towards deliveries at health facilities. One of the reasons why women did not want to come to clinics was the poor quality of services, including inadequate availability of drugs and trained service delivery personnel.

Demand for reproductive health services

19. Notable success was seen in Bolivia, both in increasing overall demand and empowering people to demand quality reproductive health services. An impact evaluation of a pilot literacy project targeting the poorest of Bolivia's indigenous population, mostly women, found that the literacy classes were an extremely useful way to enhance the knowledge, attitudes and practices of the participating women in relation to care of their health in general and sexual and reproductive health in particular. For example, 57 per cent of women in the pilot project delivered their children in a health centre in contrast to 18 per cent of women in other municipalities selected for comparison. Concurrently, the pilot project succeeded in making 16 per cent of the illiterates in the country literate, at a lower cost per person than the national literacy programme. As a result of the gains in literacy, the self-esteem and sense of individual and cultural identity of the members of the target population increased. The success of the pilot also encouraged the municipalities to become increasingly involved in the interventions and contribute to the project costs. In addition, their capacities to manage and prioritize adult education programmes were strengthened.

20. A recurring challenge that demands creative work pertains to delivering messages clearly and in culturally appropriate ways to various target groups and key stakeholders on sensitive sexual and reproductive health matters. Given that difficulties were often encountered in understanding the informational materials, it is important to revise the materials so that they are better suited to local needs and specific cultural contexts.

Adolescent reproductive health services

21. Several evaluations of large-scale programmes that addressed young people's sexual and reproductive health were conducted in collaboration with Governments and non-governmental organizations (NGOs). The initiatives in Asia (involving Bangladesh, Cambodia, Lao People's Democratic Republic, Nepal, Pakistan, Sri Lanka and Viet Nam) and Africa (involving Botswana, Ghana, Uganda and the United Republic of Tanzania) resulted in marked improvement in young people's reproductive health knowledge, attitudes and behaviours. The evaluations noted increases in such indicators as condom use at first sex; consistent use of a condom with current partner; and modern contraceptive used at first and at last sex.

22. The regional interventions were successful due to the application of innovative, comprehensive, multi-component programme strategies that were applied in different sociocultural (and often challenging) circumstances. The strategies included support to youth policy development and advocacy initiatives and collaboration with local stakeholders. The strategies helped to increase government commitment and allocation of resources to adolescent sexual and reproductive health. Other notable elements of the strategies were the introduction of life planning skills training for in- and out-of-school youth, entertaining educational (so-called 'edutainment') activities, peer educators, increased availability of youth-friendly services, behaviour change communication, livelihood programmes, institutional capacity-building of implementing partners, and systems to coordinate and disseminate lessons learned with the active participation of youth.

23. Sustainability of interventions was ensured, inter alia, by a high level of government and community ownership, integration of the youth-friendly services approach in pre-service training for health service providers, the integration of the life planning skills curriculum into the curricula of public and/or private vocational institutions, successful income generation and mobilization of other resources to cover operating costs, and the integration of activities into the ongoing programmes of NGO partners.

24. According to the evaluation of the joint initiative in the Pacific region by UNICEF, UNFPA and the Secretariat of the Pacific Community (2005-2007), the integration of youth-friendly services in the NGO-run clinics and in schools was more effective than the similar integration in existing public health facilities, as few young people accessed public health services. However, making government health services more youth-friendly was found to be vital since it is the only way to achieve widespread sustainable access to information and services for youth over the long term.

25. The evaluation of the multi-country humanitarian programme for internally displaced adolescents implemented globally in seven countries/territories (Burundi, Colombia, Democratic Republic of the Congo, Liberia, Occupied Palestinian Territory, Rwanda and Sierra Leone) found that the interventions had multiple positive impacts on the targeted adolescents, as well as their parents and communities. The beneficiaries gained a better understanding of the impact of early pregnancies on the health of the mother and her child and how these affect the mother's educational opportunities. Sexual and reproductive health services became more accessible to adolescents as a result of successful peer educator interventions. However, the interventions need to pay more attention to the protection of internally displaced adolescents against all forms of sexual and gender-based violence. Successful innovative approaches included the use of art and body expressions in assessing and changing young people's behaviours. These approaches created great enthusiasm among those involved and heightened their self-esteem and respect for each other.

26. There were some common lessons learned from the evaluations of adolescent reproductive health programmes. First, the private sector and social marketing organizations can provide, with the knowledge and consent of Governments, important complementary sources of reproductive health information and services for young people in contexts where Governments may not be

ready to provide such services. Secondly, local advocacy with support from key stakeholders (such as local leaders, local communities and parents) is important and effective in reducing obstacles to adolescent sexual and reproductive health work and promotes positive community attitudes. Thirdly, interventions with specific hard-to-reach vulnerable groups may be replicable but not necessarily feasible for scaling up, whilst interventions with the general population of young people may have more potential for scaling up. Finally, no matter how successful individual programmes may be, they are not sufficient to change the behaviour of youth in a given community unless there are deeper and broader changes in local attitudes towards youth.

27. The importance of local involvement in data collection and project assessment, and the resulting sense of local ownership were highlighted in the evaluations as key factors contributing to long-term change. The evaluations underscored that in assessing local realities and impact attention needs to be given to the perceptions and experiences of both girls and boys. Programmes that successfully reached youth audiences at risk have built on youth leadership. The evaluation findings also emphasized that it is important to mobilize funds to address the needs of young people in humanitarian crises; strengthen the involvement of NGOs in delivery of sexual and reproductive health services; and ensure that young males are addressed by reproductive health service delivery and skills development interventions.

Population and development

28. Effective interventions to increase the availability of national and subnational data disaggregated by sex, age and other socio-economic variables and census data analysis were noted by several of the evaluations, for example, with regard to UNFPA-supported programmes in Brazil, Colombia, Mongolia, Nepal, Senegal and Uganda. National capacity development was included in these interventions. The Census Bureau in Colombia received an international certification of capacity from the United States Census Bureau as a result of national and international technical support from UNFPA and the World Bank. The evaluation also found that the development of methodological guides for environmental and socio-economic development planning, taking into account demographic dynamics, allowed the municipalities of target regions to analyse population factors for their economic development strategies. UNFPA seed money for the Brazilian Institute for Geography and Statistics enabled the production of population projections, mortality tables, migration estimates and other sociodemographic data essential for the local and central government planning functions. In Nepal, the long-term support provided by UNFPA has successfully strengthened the capacity of the Central Department of Population Studies of Tribhuvan University. The department now has the capacity to conduct research, offer a Master's degree programme in population studies, provide training and expertise to national and international agencies, and strengthen South-South cooperation in this area.

29. In spite of these notable achievements, the evaluations pointed out that UNFPA support in the area of population and development may not always result in the expected impact on the national and local-level policy debate, due to: (a) the limited understanding that national and local-level policy makers and planners have of the interrelationship and linkages between population dynamics and development; and (b) the insufficiently funded district-level population activities.

To address this UNFPA will give focused attention to developing knowledge of population and development issues among policymakers and planners at all levels.

Gender equality and women's empowerment

30. About 40 per cent of the evaluations conducted in the area of gender dealt with gender-based violence. The evaluations reported that UNFPA-funded interventions made considerable progress in tackling gender-based violence and making gender issues an area of public concern. Outreach to community and religious leaders resulted in a noticeable increase in the awareness and support of these leaders and male members of their communities, for example, in stopping female genital mutilation. UNFPA-funded interventions in Senegal contributed to the revision of national family codes to remove discriminatory legal practices. As regards specific vulnerable groups, an example of success was found in Ethiopia which introduced the use of female condoms among commercial sex workers that allowed them to negotiate safe sex. Concerning gender mainstreaming, the evaluations pointed to the need to clearly define gender-related results and budgets for gender to be truly mainstreamed.

Other evaluations

UNFPA multi-year funding framework, 2004-2007

31. In early 2007, an external assessment of the effectiveness of the UNFPA multi-year funding framework (MYFF), 2004-2007, as a strategic planning tool, concluded that the MYFF provided a vision and overview of the mission and strategic direction of UNFPA which hitherto had been missing. The MYFF was developed through an extensive consultative process and, as a result, was sufficiently flexible in allowing country-level interventions to be tailored to national priorities while at the same time providing the framework for the organization as a whole to move towards specific common outcomes. However, the assessment found that UNFPA field-level data to track the achievement of MYFF results were of varying quality. The assessment noted that reporting from the field offices was not consistently analysed to use experiences to improve programming for the following year. Also, lessons learned from programme operations were not accessible at one central location and in a user-friendly way and thus were not always used to improve programming.

32. The assessment recommended, among others, that for its new strategic plan 2008-2011, UNFPA should develop a reference set of attributable country-level programme indicators to enable aggregation of achievements at the output level; connect the strategic plan goals with a budget and supporting management functions; develop a set of good practice strategic interventions to strengthen the effectiveness of field interventions; and improve the user-friendliness, relevance and quality of already existing knowledge-management tools. These recommendations are being implemented as described below in section IV.

Intercountry programme, 2004-2007

33. An evaluation of the UNFPA intercountry programme, 2004-2007, was completed in mid-2007. The programme consisted of 348 regional and interregional projects with a total amount of $255 million in funding. The evaluation found a number of successful projects and initiatives that produced significant results (such as the obstetric fistula campaign, global advocacy with parliamentarians, the reproductive health commodity security programme, the State of the World Population report, and adolescent reproductive health initiatives in Africa and Asia) as well as a wide range of guides, publications and tools that were used on a regular basis by the UNFPA country offices and the CSTs. However, many projects were not clearly linked to the intercountry programme outputs and outcomes, and their interlinkages were too limited to have synergistic effects. Furthermore, sustainability and the need for greater capacity development of counterparts remained issues in the projects evaluated. The intercountry programme needs to promote an integrated approach to capacity development based on systematic capacity assessments. There were weaknesses in programme management and oversight. For example, due to incomplete documentation, the evaluation could not provide assurance that all projects had been appraised before their approval. The intercountry programme paid inadequate attention to applying results-based management, including existing monitoring and evaluation procedures. The attempt to collect baseline data was late and few end-line data were available, thus making it difficult to assess effectiveness or impact.

34. The evaluation recommended that UNFPA develop a two-year action plan with benchmarks for minimum performance and review it semi-annually, followed by an external review at the end of two years. The action plan should include the strengthening of the programme guidelines by establishing criteria for programme management expenditures, partner selection, capacity assessment and capacity-building strategies, project review and evaluation, and the defining of roles, responsibilities and accountability of concerned UNFPA units. The evaluation further recommended that the implementation of the action plan be tied to the performance assessment of the Deputy Executive Directors. The oversight function should be reorganized with a formal advisory body that includes external partners and ensures oversight and accountability; reviews performance annually; and provides strategic direction. In order to have a more coherent programme structure, the evaluation suggested grouping together programme sub-components that address the same problems and objectives, and instituting a tighter approval process and a database that would facilitate close monitoring and analysis of data. These recommendations are being implemented as described below in section IV.

IV. IMPLEMENTATION OF EVALUATION RECOMMENDATIONS

35. Three fourths of UNFPA country offices reported that they had implemented most of the recommendations made by project, country programme and thematic evaluations from 2006. However, the implementation rate was not as high when it came to country programme evaluations. Only one-third of county offices reported robust follow-up to the country programme evaluations within one year. While this may be partly due to the time required to implement the

recommendations in the new programme, it is clear that follow-up to country programme evaluation recommendations needs improvement.

36. In response to the evaluations of adolescent and youth reproductive health interventions mentioned above as well as the earlier multi-donor evaluation (in 2003) of the contribution of UNFPA and the International Planned Parenthood Federation (IPPF) to adolescent sexual and reproductive health in six countries, UNFPA developed an assessment tool to identify gaps in programming for young people and is currently developing a conceptual framework on sexual and reproductive health programming for adolescents and youth. UNFPA is documenting the results of its adolescent reproductive health programmes to learn and exchange lessons. In the future, it intends to develop a resource mobilization strategy to address the needs of young people in emergencies in partnership with other United Nations agencies and NGOs working with displaced youth. UNFPA will also actively engage bilateral donors to ensure that young people's needs are addressed by humanitarian funding proposals and by the inter-agency fund for adolescent girls.

37. In follow-up to the recommendations of the evaluation on the effectiveness of the MYFF, 2004-2007, as a strategic planning tool, UNFPA has taken several actions. UNFPA is implementing a transparent strategic planning system revolving around the strategic plan, 2008-2011. The planning system is used by units at country, regional and global levels and is supported by a computerized management information system (Atlas) that provides real time financial and substantive data to all managers in the Fund. Baseline data and targets are being established to enable tracking of progress in the Fund's contribution to the 13 outcomes and achievement of the nine management outputs of the strategic plan. A reference set of programme-level output indicators has been developed for programmes at the global, regional and country levels. In the context of its reorganization, UNFPA is initiating the establishment of an integrated programme and technical knowledge-sharing system to ensure the generation and dissemination of knowledge on good practices in all areas of the Fund's mandate. Finally, a comprehensive training programme for professional staff on results-based programming and management will be rolled out in 2008.

38. In response to the evaluation recommendations on the 2004-2007 intercountry programme, UNFPA launched a two-year action plan to improve the performance of the 2008-2011 global and regional programmes. The action plan includes the establishment of a new oversight structure and management mechanisms, including an external advisory panel and a programme review committee; revision of programme guidelines for the regional and global programmes; determination of performance measurements and benchmarks for the programmes and management; the development of guidance and tools on capacity development based on the United Nations Development Group (UNDG) capacity framework; updating of the Atlas financial and programme monitoring system; and development of a four-year evaluation plan. The implementation of the action plan started in September 2007 and is on track.

39. UNFPA has also taken a number of steps to respond to the evaluation of results-based management in UNFPA, sponsored by Denmark in 2005, which recommended a stronger integration of results into the management processes in the Fund. For example as noted above, as

part of the strategic plan 2008-2011, UNFPA has adopted a reference set of outputs which will enable the Fund to report on its specific contributions to the outcomes of the strategic plan. Additionally, UNFPA plans to conduct partner surveys which would help validate the achievement of results. UNFPA has mainstreamed results-orientation into its management processes exemplified by the organization of training programmes on results-based management, adoption of a balanced scorecard and results-based budgeting, and implementation of a results-based work planning and performance assessment system.

40. As a follow-up to the recommendations of the 2005 assessment of the mainstreaming of gender in UNFPA materials, UNFPA issued guidelines and established a quality assurance process to mainstream gender in UNFPA publications, and improved electronic access to gender materials produced by UNFPA. It also published and disseminated to its staff worldwide the UNFPA strategy on gender equality and women's empowerment; and mainstreamed gender in the UNFPA induction course. In collaboration with UNIFEM, UNDP and UNICEF, UNFPA is in the process of developing a mandatory gender training compact disk for all staff. Thus, of the seven recommendations of the assessment, five have been implemented and two are under implementation.

41. Of the 10 recommendations made by the Evaluation Quality Assessment (EQA) in 2005, seven have either been implemented or are being implemented to improve the quality of the evaluation work carried out in the Fund. UNFPA is developing a new evaluation policy that is establishing definitions, principles and standards; delineating the evaluation roles and responsibilities of various offices; and describing the attributes of an effective evaluation function. Regular monitoring of evaluation quality has been instituted and an evaluation database is under development to store good practices and make evaluations more widely available. Five Monitoring and Evaluation Adviser posts have been approved for the new UNFPA regional offices as part of the Fund's reorganization and the recruitment will take place during 2008-2009.

V. CONCLUSIONS AND FUTURE DIRECTIONS

42. As delineated in the present report, UNFPA is an organization that is committed to evaluation, as is also evidenced by the number of evaluations performed annually (170 during 2006-2007). Several of the evaluations performed at the end of the 2004-2007 MYFF and intercountry programme cycles have been instrumental in the preparation of the 2008-2011 strategic plan and the design of the Fund's new organizational structure.

43. UNFPA recognizes the need to further improve the reliability and quality of its evaluation work and to strengthen the evaluation capacity of its staff and its counterparts. The Fund's senior management is according priority to addressing accountability issues and strengthening the culture of monitoring and evaluation in UNFPA.

44. Quality is a key element for improving the evaluation function in UNFPA, as it would facilitate increased utilization and thus contribute to fostering an evaluation culture. Evaluation quality, however, is closely linked to the quality, reliability, and relevance of programme design.

Unless the programming is based on solid and reliable data and evidence, clearly identified goals, and the best available, proven approaches to achieve them, there will continue to be a risk that evaluation in the Fund may not function as a useful tool to learn lessons and measure impact. The 2008-2011 strategic plan provides an opportunity to address these challenges, including through a sharper and more rigorous focus on the measurement of results and impact.

45. Further improvement in the quality and reliability of evaluation in UNFPA will require increased investments in improving evaluation expertise and knowledge sharing throughout the organization and with national partners in order to strengthen national evaluation capacity; promoting clear lines of responsibility and accountability in evaluation between management and the Fund's Division for Oversight Services; and promoting the use of standards for conducting and using evaluations as defined in the UNFPA evaluation policy.

46. UNFPA has already selected evidence-based programming as one of its organizational priorities in 2008, and plans to implement several activities to be monitored through the balanced scorecards. UNFPA also plans to strengthen evaluation capacity by establishing five new Monitoring and Evaluation Adviser posts at the regional offices to support capacity development of country offices and national counterparts in evaluation. At the country level, the appointment of designated monitoring and evaluation officers will be encouraged. National execution is the preferred programming modality in UNFPA, and the Fund recognizes the value of a participatory approach in evaluation. UNFPA recognizes that capacity-building extends beyond its own human resources, and, in accordance with the United Nations General Assembly resolution 62/208[2], plans to implement in 2009 a comprehensive training project on evidence-based programming and evaluation quality that would be conducted for the benefit of its employees and its national counterparts.

47. The above-mentioned developments that aim at a more cost-effective and efficient use of evaluation in the Fund will be detailed in the UNFPA evaluation policy. The policy will also further define the respective roles and responsibilities of UNFPA management and the Fund's Division for Oversight Services with regard to evaluation. While management is responsible for providing reliable information that results are achieved and have an impact on the intended beneficiaries, the Division for Oversight Services will focus on providing an assurance on the effectiveness, efficiency, quality and reliability of evaluations. These efforts should improve not only the programming process, but also the independence of the assurance provided by oversight to management and the Executive Board. Over time, these efforts will contribute to better risk management and allow UNFPA to demonstrate higher efficiency and effectiveness.

VI. RECOMMENDATION

48. **The Executive Board may wish to take note of the present periodic report on evaluation (DP/FPA/2008/10).**

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[2] Triennial comprehensive policy review of operational activities for development of the United Nations system.

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Report of the Executive Director

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List of Acronyms

AAC	**Audit Advisory Committee**
Atlas	**PeopleSoft ERP financial system**
AWP	**Annual Workplan**
BoA	**United Nations Board of Auditors**
BSC	**Balanced Scorecards™**
COSO	**Committee of Sponsoring Organizations of the Treadway Commission**
DBS	**Direct Budget Support**
DHR	**Division for Human Resources (UNFPA)**
DOS	**Division for Oversight Services (UNFPA)**
ERP	**Enterprise Resource Planning**
HACT	**Harmonized approach to cash transfers to implementing partners**
ICF	**Internal Control Framework**
IIA	**Institute of Internal Auditors**
IPSAS	**International Public Sector Accounting Standards**
OIOS	**Office of Internal Oversight Services**
OMP	**Office Management Plan**
PAD	**Performance Appraisal and Development**
RBB	**Results-based Budgeting**
RBM	**Results-based Management**
RIAS	**Representatives of the Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions**
SWAps	**Sector-wide Approaches**
UNDG	**United Nations Development Group**
UNEG	**United Nations Evaluation Group**
WAVES	**Worldwide Assessment of Vulnerabilities System**

I. INTRODUCTION

1. The Executive Director is pleased to present to the Executive Board a summary of the internal audit and oversight activities of UNFPA in 2007.

2. At the Annual session 2007, the Executive Board noted in decision 2007/29 that "accountability and transparency were integral to sound management". In the same decision, the Board requested to be informed of actions taken to mitigate risks related to business processes and information technology and called upon UNFPA to further strengthen the national execution modality by addressing the operational risks and weaknesses identified in the audit reports. The Board also requested UNFPA to implement the recommendations of the audit reports and to report on their implementation at the Annual session 2008.

3. The present report complies with the requests contained in decision 2007/29, as well as in decision 2006/13. The report also responds to the decisions adopted by the Executive Board in 2004 and in 2005 for UNDP, UNFPA and UNOPS. The risk-based approach provides a comprehensive review of complex and technical issues to enable the Board to monitor the performance of UNFPA and to give guidance to the Executive Director on the work of the Fund, as set forth in resolution 48/162 of the General Assembly.[1]

II. ASSURANCE IN UNFPA

A. Oversight activities in 2007

4. In 2007, the UNFPA Division for Oversight Services (DOS) carried out 17 audits. These audits were carried out in nine countries in the Africa region, four countries in the Latin America and the Caribbean region, two countries in the Arab States, Europe and Central Asia regions, and two countries in the Asia and the Pacific region (see also figures 1 and 2 and tables 1 and 2).

5. To strengthen oversight follow-up, DOS and the UNFPA Management Information Systems Branch implemented an improved oversight recommendation tracking tool. The new tool, which became fully operational during the last quarter of 2007, is web-based and user-friendly and enables UNFPA country offices and geographical divisions to more easily enter and monitor the actions taken to implement the oversight recommendations.

B. Quality assessment of the Division for Oversight Services

6. In 2006, DOS undertook a quality assessment of its procedures and operations benchmarking against the professional standards of the Institute of Internal Auditors (IIA). The results of the exercise were communicated within the organization. DOS is proceeding with the implementation of the recommendations, in particular with regard to documenting practices and procedures, staffing resources for investigations, supervision over assignments and issuance of audit reports.

[1] See General Assembly resolution 48/162: Further measures for the restructuring and revitalization of the United Nations in the economic, social and related fields.

C. Audit Advisory Committee

7. The Audit Advisory Committee (AAC) was established in October 2006 and held four meetings in 2007. The Chair of the AAC attended the Second regular session 2007 of the Executive Board.

8. The AAC reviewed the DOS workplan and followed up on the work performed by DOS. The AAC was regularly briefed on the developments taking place in UNFPA such as the implementation of the International Public Sector Accounting Standards (IPSAS), Atlas and the Fund's reorganization. The AAC also followed up on the work done by the United Nations Board of Auditors. Meanwhile, DOS followed up on the implementation of the recommendations made by the AAC.

9. In accordance with its terms of reference, the AAC submitted a report on its work for the year 2006. The report can be found on the UNFPA Executive Board website **www.unfpa.org/exbrd** under the documents for the Annual session 2007. A report covering the 2007 activities of the AAC will be made available to the Executive Board at the Annual session 2008 and will be posted on the aforementioned UNFPA Executive Board website.

D. Inter-agency cooperation and harmonization

10. In accordance with the request made by the Executive Board in decision 2006/13, UNDP, UNFPA, UNICEF and WFP are now using harmonized and standardized audit ratings. Furthermore, UNFPA and UNDP oversight divisions have harmonized, to the extent possible, the structure of their annual reports to the Executive Board.

11. UNFPA participated in the bimonthly meetings of the inter-agency audit working group on joint offices and multi-donor trust funds. The working group developed an audit framework for multi-donor trust funds and worked on accountability and audit for "Delivering as One" United Nations offices as well as on arrangements for auditing common funds or inter-agency interventions. These efforts contributed to further harmonization of audit work processes across the funds and programmes belonging to the United Nations Development Group (UNDG).

12. UNFPA also contributed to the inter-agency advisory committee monitoring the implementation of the harmonized approach to cash transfers to country offices, the audit working group and to several meetings on IPSAS. These meetings covered the review of financial rules and regulations with a view to harmonizing them with those of the United Nations, UNDP, UNICEF and WFP. The implications of the implementation of IPSAS for UNFPA financial statements and operations were also reviewed.

13. During 2007, UNFPA participated in the United Nations Evaluation Group (UNEG) Task Force on Evaluation Guidance for Human Rights and Gender Equality and the evaluation training group of the UNEG Evaluation Capacity Development Task Force. The Task Force on Evaluation Guidance for Human Rights and Gender Equality was constituted following the 2007 Annual General Meeting of UNEG in Geneva. Its objective is to develop a guidance document on the management and conduct of evaluations using a human rights and gender equality perspective. Key task force activities included a mapping of existing evaluation guidance and the development of a concept note which included a draft annotated outline for the guidance material.

E. Fraud monitoring and control activities

14. With the assistance of a global accounting firm (Deloitte and Touche), UNFPA implemented a series of important actions to prevent fraud including a cost-effective anti-fraud programme and controls methodology which is consistent with the standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The activities conducted included agency-wide fraud risk assessments, diagnostic surveys and anti-fraud and ethics training workshops for UNFPA staff in five regions and at headquarters. UNFPA will use this exercise going forward in 2008 to continue to sensitize its staff, especially senior managers, on what constitutes risk, and what risk management involves.

15. In furthering its commitment to accountability, UNFPA has created an Ethics Office, adopted a whistle blower protection policy and established a fraud hotline. This will be supported by continued advocacy and information so that potential users know how to initiate complaints. Staff members need to accommodate this new reporting mechanism within the context of a new culture of fraud awareness and prevention. The management of UNFPA will continue its efforts in enhancing a culture of transparency and accountability.

16. In 2007, UNFPA conducted investigations of allegations reported by UNFPA country offices. The results are outlined below:

Allegations	Confirmed	Not confirmed
Procurement	0	2
Harassment	2	0
Tampering of documents	1	0
Misconduct	2	0
Total	5	2

F. Staffing

17. DOS staffing in 2007 remained the same as at the end of 2006 (see table 3). The division lacked one auditor and one evaluation adviser. The recruitment for the vacant auditor's post had been delayed as two of the selected candidates declined the post. Consequently, DOS hired consultants to supplement the oversight mission team on several missions. The evaluation adviser's post was filled in January 2008. The difficulty in hiring competent auditors is related to the decreasing competitiveness and attractiveness of employment conditions in the United Nations in comparison with those offered in the private sector and by other development partners, including the international financial institutions, the European Commission, foundations and global funds.

18. In order to fulfil the roles and functions as set forth in its Charter, the DOS structure has been reviewed as part of the reorganization of UNFPA and will be strengthened by the addition of two international posts for the new Investigation Branch; and two international posts for the Internal Audit Branch, replacing the previous national posts based in Africa. Thus, starting in 2008, DOS will consist of a Directorate headed by a Director with a Deputy Director, a Special Assistant to the Director and two support staff; the Internal Audit Branch, headed by a Chief with seven Audit Specialists and two support staff; the Evaluation Branch, headed by a Chief with three Evaluation Advisers and one support staff; and the Investigation Branch, headed by a Chief with one Investigation Specialist. The required new posts (i.e.,

related to investigations) were approved by the Executive Board as part of the UNFPA biennial support budget for 2008-2009.

III. RISK ASSESSMENT AND AUDIT PLANNING

A. Risk classification

19. The risk classification adopted by UNFPA has been extensively described in document DP/FPA/2006/4. In accordance with the request made by the Executive Board in decision 2006/13, the same approach has been followed in the present report. Further refinements have been made in the linkages between risks, deficiency category and causes and in the statistical design of the risk model (annex 1 provides an overview of the risk linkages).

B. Risk model

20. As noted earlier in documents DP/FPA/2006/4 and DP/FPA/2007/14, the purpose of the risk model is to: (a) assess the risk profiles of UNFPA entities and to decide on the priorities of the audit and oversight missions to be undertaken in the year; and (b) keep track of the Fund's risk universe. The risk model developed for the selection of the field audit locations in 2007 maintains the importance of more frequent audits of the larger (in terms of financial expenditure) and more risky entities. The model also includes considerations of financial management and programme performance in order to highlight potentially weaker entities for an oversight mission. The quantitative aspects of the model serve as the basis for further analysis and for further discussion with management, the Audit Advisory Committee and the external auditors.

21. The Division for Oversight Services continued to improve its risk-based audit planning system to ensure that its priorities are consistent with the goals of UNFPA. The results presented to the Executive Board at the Annual session 2008 have been computed on the same set of variables used in 2007. The list of variables used to present results in this document is provided in annex 2. During 2007, DOS developed a more comprehensive model to include additional factors of risk related to programme relevance and management, thus encompassing the performance dimension. The availability of at least two annual series of data will enable DOS to check the reliability of the new model and to present consolidated results at the Board's annual session in 2009. As a follow-up to the training on fraud prevention completed in 2007, country offices have received individual reports generated by the UNFPA Worldwide Assessment of Vulnerabilities System (WAVES) that provides an assessment of vulnerabilities and relative vulnerabilities within the entire UNFPA risk universe and its regional subsets. This tool helps managers to identify risks and to take corrective measures in a timely way.

C. Risk model results

22. The risk model gives three types of results: (a) an entity-specific risk assessment, based on the variables (see figure 3); (b) a global one, based on the aggregation of variables for each risk category (see figure 4); and (c) a change in the entity's risk compared with the preceding year (see figure 5).

1. UNFPA risk universe

23. The risk universe of UNFPA includes 136 entities (country offices, subregional offices and country technical services teams). The risk model produces a mapping of entities according to their vulnerability.[2] Figure 3 provides a mapping of entities according to the likelihood[3] of risks[4] and their vulnerability based on 2006 available data. The model also provides an analysis of the volatility of the risk universe. Out of 136 UNFPA entities, 62 per cent had a greater vulnerability and 38 per cent a lesser one in 2006, compared with 2005. The analysis of the change in risk profiles is illustrated in figure 4.

2. Global risk assessment

24. As indicated in document DP/FPA/2006/4, the risk model provides a global risk assessment. With the availability of comparable data for 2005 and 2006, the model also provides some indications of trends (see figure 5). In comparison with 2005, the 2006 global risk profile of UNFPA appears to have higher risks levels in the "People" and "External" risks categories. The former is mostly due to a high vacancy rate of posts for Representatives and Deputy Representatives. These vacancies have subsequently been filled. The increase in the "External" risk category is independent from UNFPA activities and control and is mostly due to the deterioration of security situations in several countries. The decrease in the "Relationship" risk category that reflects on the reliability of UNFPA programme modalities is mostly due to the effort by management to reduce the amount of outstanding balance at the end of the year, and better programme monitoring. The changes in the "Process" category remain limited and will be improved by a more systematic use of a well structured internal control framework (ICF).

3. Predictability value of the risk model

25. The risk model is used to select entities for audits. Therefore, it is important to statistically test if the model has any validity in predicting the performance of an entity. The tests conducted by DOS show that the rank of vulnerability given by the model and country offices audit ratings correlate. DOS will continue to monitor the accuracy and reliability of the risk model and will improve it through an iterative process based on the accumulation of a series of data and a more precise analysis of the risk factors. The risk model is improving the ability of UNFPA to assess the likelihood of risks and their evolution over time.

IV. SIGNIFICANT AUDIT RESULTS

A. Main findings in 2007

26. Eighteen reports were issued in 2007. With regard to 17 of these reports, the level of internal controls and the compliance with financial, administrative, human resource, information technology and programme requirements were found to be satisfactory in three offices, partially satisfactory in 10 offices and unsatisfactory in four offices. One report was on the audit of the UNFPA regional projects undertaken by an external consultancy which identified internal control weaknesses in the management of the regional

[2] The vulnerability is the level of potential financial gain or loss in relation with the level of risk. It is an expected value.

[3] The likelihood of a risk is the probability that the risk will affect the operations of an entity.

[4] A risk is the chance of something happening that will have an impact on an organization's objectives.

and global projects managed by headquarters entities. Table 1 shows the breakdown of audit ratings by year of report issued. Figures 2 and 6 provide additional details with a breakdown of audit ratings by region, year and category. Figure 6 shows that there was no significant shift in the distribution of risks between 2006 and 2007.

1. Process risk

27. Figure 7 depicts the sources of process risk. It shows that process risks were comprised of recommendations related to finance (36 per cent), general administration (34 per cent), programme (22 per cent), and other (8 per cent). The risks in finance included weaknesses in disbursements, procurement, project closure and the maintenance of the vendor database. The risks in general administration included weaknesses in the maintenance of asset and inventory records and the management of vehicles. The risks in programme management included weaknesses in programme development and management, monitoring evaluating and reporting. To address these issues, inter alia, country programme development and implementation will be improved by a more systematic use of an evidence-based approach, rigorous results-based programme management, and improved strategies for developing the capacity of partner organizations.

2. People risk

28. The major people risk findings relate to delays in service contracts and special service agreements, and filling of vacancies. Table 4 shows a decrease in 2007 in recommendations related to service contracts and special service agreements, and an increase in risks related to staff capacity and expertise, and in the implementation of the country office typology.

3. Relationship risk

29. In 2007, UNFPA received audit reports for the 2006 nationally-executed (NEX) projects for expenditure amounting to $100,588,326 (an increase over the $90,868,893 expenditure for the 2005 NEX projects). This represented 91 per cent (85 per cent for 2005 projects) of the total expenditure incurred on projects executed by Governments and non-governmental organizations. DOS reviewed the audit reports for the year ended 31 December 2006, for which the reports were scheduled to be received by 31 March 2007. A key challenge was the weaknesses in the national execution process for which capacity development must be pursued as a priority.

30. Figure 8 gives an overview of the quality of NEX project audits. Of the 884 audit reports from 80 countries that were reviewed for the year 2006, the completeness of the audit reports and the certification of financial forms improved in comparison to 2005. However, the compliance with the NEX terms of reference and the audit scope, the timeliness of the audit reports and the country office assessment and action plan declined over the same period. The main causes identified by the NEX auditors relate to expenditure not in accordance with activities and budgets, a lack of supporting documentation, financial statements not being available, inadequate books and accounting records, and weak internal controls and monitoring. These findings underscore the close link between relationship and external risks and the need to support national capacity in programme implementation and financial management.

31. In programme management, country programme strategies for targeting the real needs of vulnerable groups were not always adequate. Instances of weak coordination among country programme implementing partners and with other donors were observed. While the programmes were in a broad sense well aligned with the outcomes of the UNFPA 2004-2007 multi-year funding framework, the use of

programme resources needed to aim more strategically at impacting national policies and expenditures on reproductive health, population and development. In particular, there was limited evidence of the use of operations research-based pilot interventions to produce an evidence base for UNFPA to conduct effective advocacy and policy dialogue on critical reproductive health, population and development issues.

4. Technology and systems risk

32. The major technology and systems risk findings relate to insufficient segregation of duties amongst staff in the technology area, inadequacies in disaster recovery plans, data backup processes, local area network, Atlas roles and user access rights, computer security, and computer maintenance (see table 4 for details). Table 4 shows there was an increase in the percentage of recommendations made relating to computer security and Atlas user access and a decrease in the percentage of recommendations relating to disaster recovery plans.

5. External risk

33. The main findings in this risk category pertain to non-compliance with security standards, missing commodities and inadequate disaster preparedness. Staff security remains an area of concern for UNFPA operations in the field.

6. Recurring issues

34. The distribution of significant oversight findings by categories of risks and their recurrence are summarized in table 4. The purpose of the analysis of oversight observations and their recurrence is to identify areas of focus by management to improve both efficiency and effectiveness. However, this analysis needs to be qualified by the following caveats:

(a) Internal audit and oversight reports are a biased source of information, as the selection of organizational entities to be audited is based on their vulnerability. This bias is the reason why the reports identify the same deficiencies over time. For the same reason, no correlation can or should be made between the recurrence of deficiencies and the reliability of the management of the Fund;

(b) The recurrence of observations concerns only a very small biased sample within the risk universe and is not representative of the entire UNFPA population;

(c) Comparability of the 2006 and 2007 figures may be less significant in some instances or unavailable. In order to better capture and analyse oversight observations, the oversight programme underwent a major revision in 2007. As a result, new categorizations with respect to domain and sub-domains were created and in some instances categorizations which were used previously were discarded;

(d) Because of the volatility of the environment in which UNFPA works and of the risk universe of UNFPA (see figure 4), an organizational unit can suddenly become at risk even if its management has been exemplary for several years;

(e) New modalities of intervention require constant adaptation, and innovation carries its own risks. New aid modalities, direct budget support or participation in sector-wide approaches (SWAps), are a typical example of new challenges that need to be managed by the Fund with the Executive Board clearly understanding the implications of these risks.

35. Since they cannot be correlated with the deficiencies in UNFPA management processes, recurrent and unresolved findings should be reviewed in relation to the levels of vulnerability to get a better understanding of efficiency and effectiveness in UNFPA.

V. CONCLUSION

36. Based on the analysis of risks and the recurring types of audit recommendations, three main areas require attention: business processes, national execution, and human resource management.

37. The conclusions of the report on internal audit and oversight activities presented to the Executive Board in 2007 (DP/FPA/2007/14) remain valid for the period covered by the present report, especially, with regard to process and relationship risks.

38. The analysis of available data reveals an increased exposure in the "People" risk category. This is mostly due to the occurrence of vacancies of Representative and Deputy Representative posts in country offices with high vulnerabilities because of the size of their operations or their level of risks. The appointments of Representatives and Deputy Representatives that took place in 2007 should prevent the level of "People" risk from increasing.

39. The above-mentioned challenges should not in any way overshadow the outstanding leap achieved by UNFPA in the areas of accountability, assurance, risk management, internal controls, and fraud prevention. In a very short period of time, these areas have received increased attention from the management of UNFPA. They have transformed the role of the oversight function in the Fund and will continue to re-shape the work of UNFPA. The change in organizational culture that has been initiated successfully requires, more than ever, the continued and full support of the Executive Board.

VI. RECOMMENDATION

40. The Executive Board may wish to:

(a) Take note of the present report DP/FPA/2008/11 and express support for the continued strengthening of the accountability and assurance process in UNFPA and the reorganization of the internal audit and oversight services of the Fund;

(b) Provide the necessary guidance to the Executive Director in addressing challenges in the areas of business processes and national execution.

ANNEX 1: RISK GROUPS AND DESCRIPTION

Risk category	Deficiency category	Cause
External risk		
	Inadequate assessment of governance and capacity of counterparts and provision of assurance activities	Absence of or delayed macro and micro assessments of financial management capacity, technical and programme management capacity, lack of or inadequate capacity-building support and assurance activities
	Inadequate security assessment and management	Lack of compliance with Minimum Operating Security Standards (MOSS) and Minimum Operating Residential Security Standards (MORSS), lack of office security plan, theft
	Incomplete arrangement and transparency in UNDP common services	Regulatory change, legal change, inaccurate charges, etc.
People risk		
	Delayed appointment of office staff	Long vacancies in critical management, programme and operations posts, unavailability of qualified staff, hiring/firing, etc.
	Deficiency in contracting project staff and consultants	Long vacancies in critical project posts, unavailability of qualified staff and consultants, hiring/firing, etc.
	Fraud	Fraud, trading misdeeds, infractions to the United Nations standards of conduct
	Unethical behaviour	Abuse of authority, harassment, abuse, illegal acts
	Lack of or inadequate staff management and capacity-building	Absence of office training plan, performance appraisal and feedback, supervision and guidance, and staff development opportunities Lack of or inaccurate organizational chart, staffing table and deviation from typology
	Lack of capacity to articulate, monitor and evaluate the country programme/country programme action plan priorities	Vacancies, lack of posts, staff competency in results-based management, monitoring, evaluation and operations research
Process risk		
	Lack of bank reconciliation	Lack of proper due diligence, inadequate/problematic account reconciliation, etc.

Risk category	Deficiency category	Cause
Process risk (cont.)	Lack of or inadequate supporting documents	Lack of proper due diligence, inadequate/problematic account reconciliation, etc.
	Unnecessary manual payments	Lack of proper due diligence, inadequate/problematic account reconciliation, etc.
	Slow financial closure of projects	Lack of proper due diligence, inadequate/problematic account reconciliation, etc.
	Improper processing of purchase orders (pending, not approved, inaccurate)	Lack of proper due diligence, incorrect procurement procedures, etc.
	Inadequate procurement processes	Lack of proper due diligence, incorrect procurement procedures, etc.
	Lack of physical receipts of goods	Lack of proper due diligence, incorrect procurement procedures, etc.
	Incomplete or inaccurate records of assets	Lack of proper due diligence, incorrect procurement procedures, incorrect asset management, etc.
	Lack of or inadequate personnel administration	Lack of proper attendance and leave records, overtime, personnel records, etc.
	Inadequate situation analysis and identification of programme priorities	Lack of compliance with CCA/UNDAF guidelines, lack of vulnerability analysis and targeting, data unavailability, etc.
	Inadequate systems of results-based management in place, including database and knowledge sharing	Poor knowledge and capacity in RBM, poor logical framework and inappropriate indicators, lack of data collection and database
	Inadequate programme monitoring and reviews	Poor knowledge and capacity in monitoring, lack of compliance with programme guidelines, lack of monitoring plan, time/staff constraints, unavailability of reports
	Inappropriate measurement of programme impact and poor evaluation coverage and quality	Poor knowledge and capacity in evaluation and impact measurement, lack of operations research, poor evaluation standards, small number of evaluation, difficulty with joint programmes and sector programmes

Risk category	Deficiency category	Cause
Relationship risk	Lack of compliance with legal requirements, programming processes, national relevance and selection of partners	Missing signatures, agreements, inadequate stakeholder involvement, non-alignment with real needs and national priorities, ability of implementing partners to meet requirements
	Lack of or inadequate alignment with UNFPA strategies in programme	Lack of compliance with the strategic plan (inadequate policy dialogue and advocacy, partnerships, use of knowledge base, and capacity-building strategies)
	Lack of or inadequate extra-budgetary resources and compliance with agreements	Absence of fundraising plan, incorrect agreements, non-fulfillment of substantive and financial requirements
	Inaccurate and untimely financial reports	Certificate of expenditure (COE) systematically incorrect or not signed, no matching with workplan, lack of supporting information, delays in submission
	High operating fund account balances (above 25% of annual expenditure) for national execution	COE systematically incorrect or not signed, accumulated delays of financial reports, operating fund account not reconciled
	Inadequate substantive reporting by counterparts	Poor quality of reports, delays in report submission, inaccurate information, absence of reports
	Inadequate control and assurance, unclear accountability	Participation in sector-wide approaches, joint-programming risk, complications arising from multi-party agreements
Technology and systems risk		
	Deficient information technology security and controls	Hacking, firewall failure, external disruption, lack of backup
	Inadequate information technology backup plan and disaster recovery	System failures, system maintenance, telecommunications, etc.
	Inadequate and inappropriate use of Atlas	Lack of segregation of roles, deficient trail, security
	Unreliable audit trails	System failures, system maintenance, telecommunications, etc.

ANNEX 2: RISK MODEL LIST OF VARIABLES

Category of risk	Variables
External	1. Security phase in the country
	2. World Bank governance rating
People	3. Vacancy in Representative, Deputy Representative or Country Director posts
	4. Proficiency in monitoring and evaluation methodology
	5. Proficiency in results-based management
	6. Use of programme managers monitoring and evaluation toolkit by country office staff
	7. Monitoring and evaluation entities in the country office
Process	8. Financial performance on regular resources
	9. Requisition, purchase order and local expenditure patterns
	10. Forecast expenditure in the fourth quarter on regular resources
	11. Monitoring and evaluation activities and investment in two previous years
	12. Extent of a monitoring database
	13. Extent of existence of baselines, indicators and targets
	14. Field monitoring visit plan and extent of achievement
	15. Mid-year and annual reviews of the office management plans
Relationship	16. Financial performance on other resources
	17. Resource mobilization performance
	18. Forecast expenditure in the fourth quarter on other resources
	19. Operating fund account management
	20. National execution accountabilities
	21. Growth of programme budget 2006 over 2005
	22. Timing of programme evaluation and of new country programmes
	23. Implementing partners use of programme managers toolkit
	24. Annual reviews with partners
	25. Support to building monitoring and evaluation systems in the counterpart ministry
Technology and systems	26. Quality of Atlas data
	27. Proficiency of country office staff in Atlas

ANNEX 3: FIGURES

Figure 1: Internal audit activities

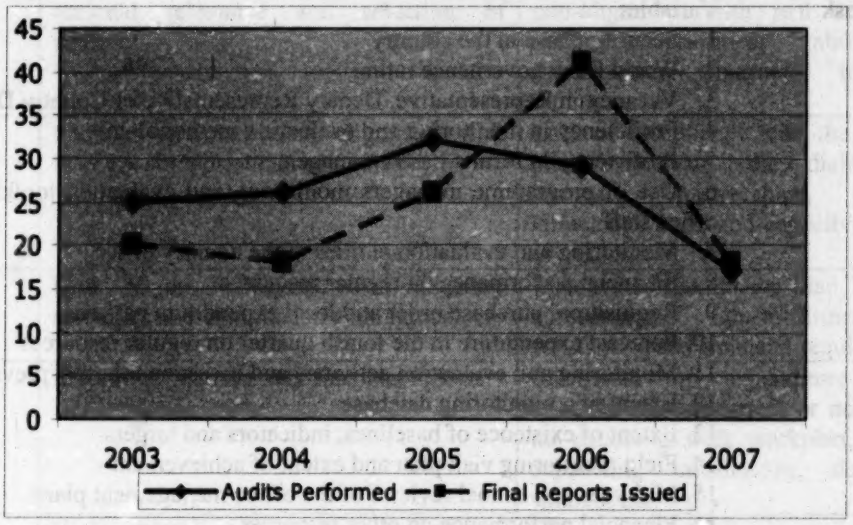
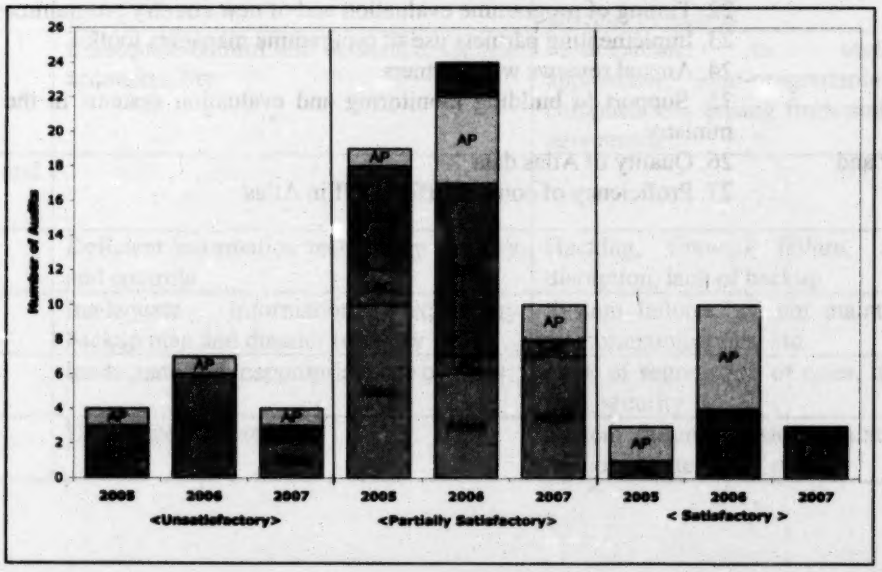


Figure 2: Breakdown of audit ratings by geographical division



AP: Asia and Pacific Region; LAC: Latin America and Caribbean Region; ASECA: Arab States, Europe and Central Asia Region

Figure 3: UNFPA - Risk universe

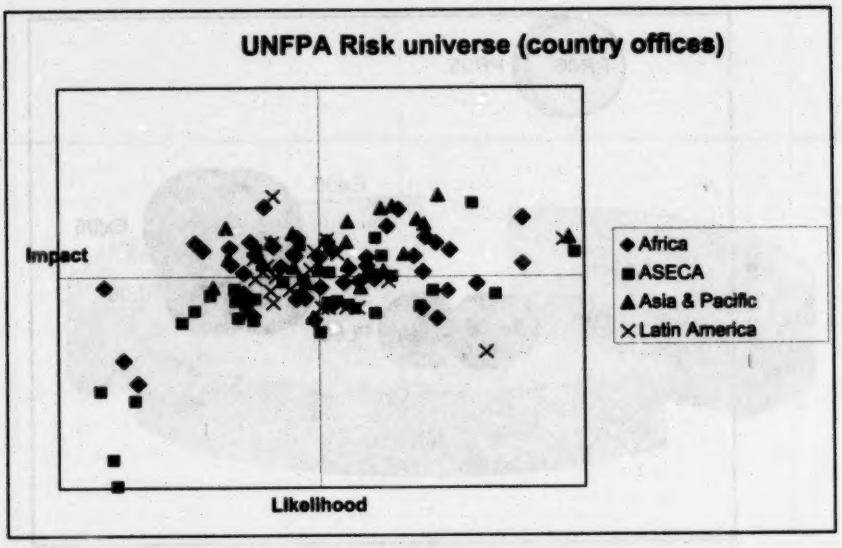


Figure 4: Volatility of the risk universe

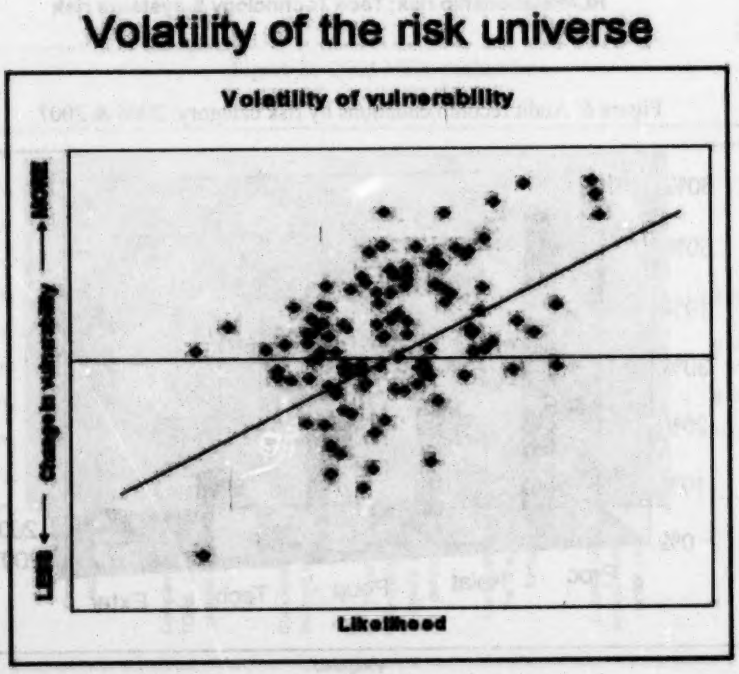


Figure 5: Global risk assessment and trends, 2005-2006

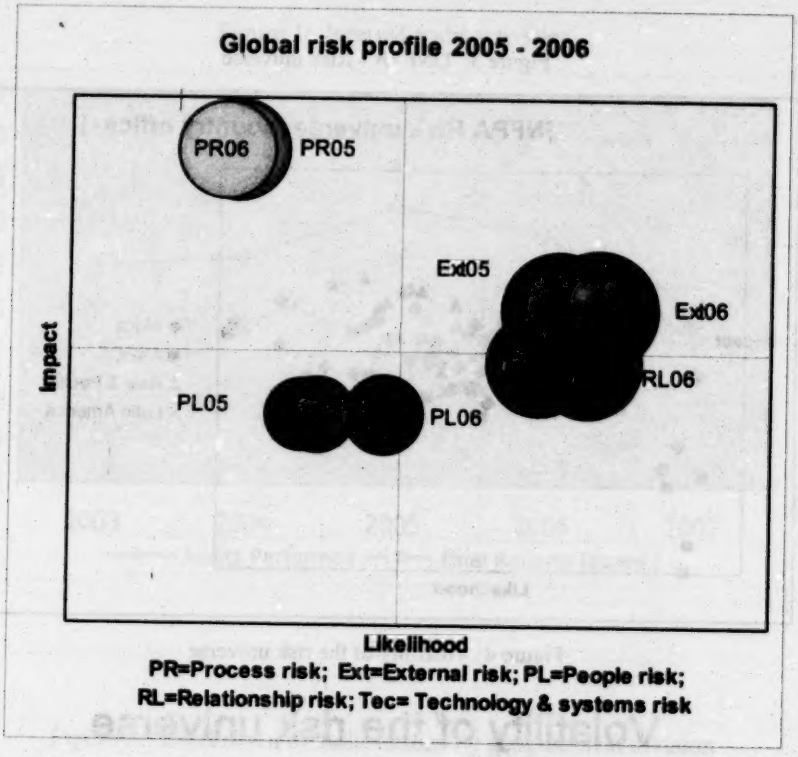


Figure 6: Audit recommendation by risk category: 2006 & 2007

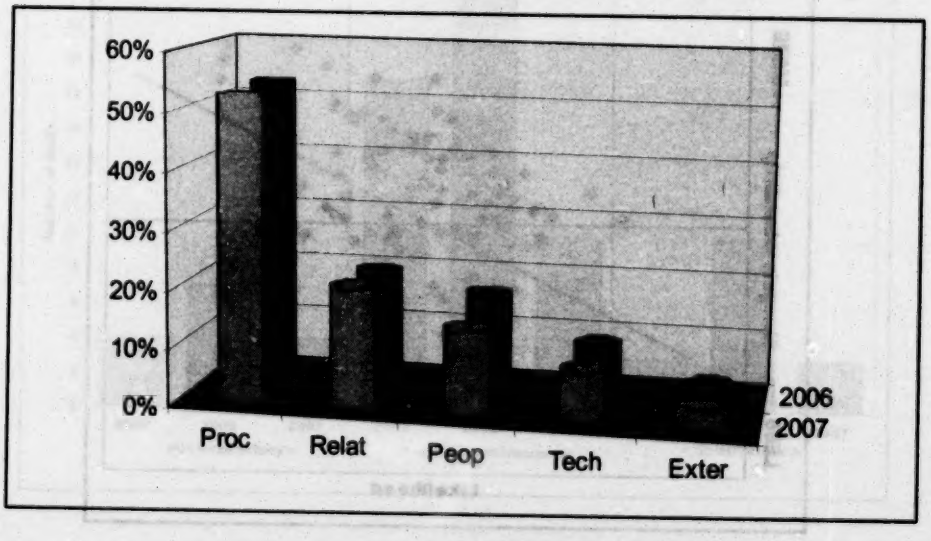


Figure 7: Breakdown of process risk by cause

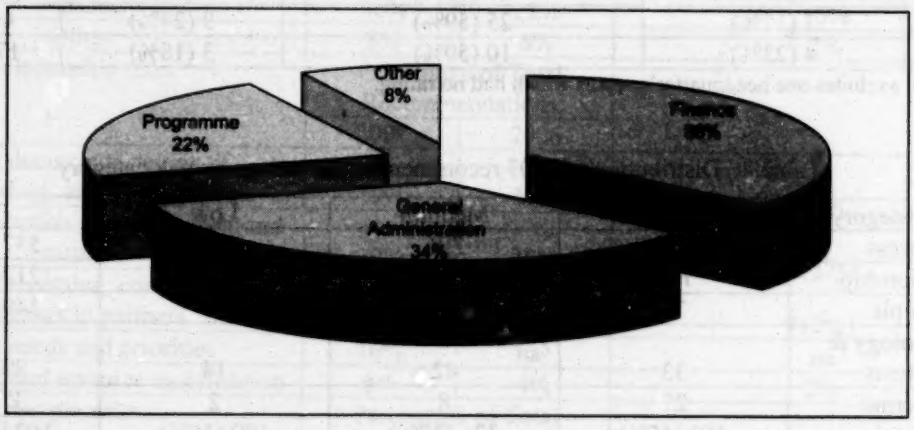
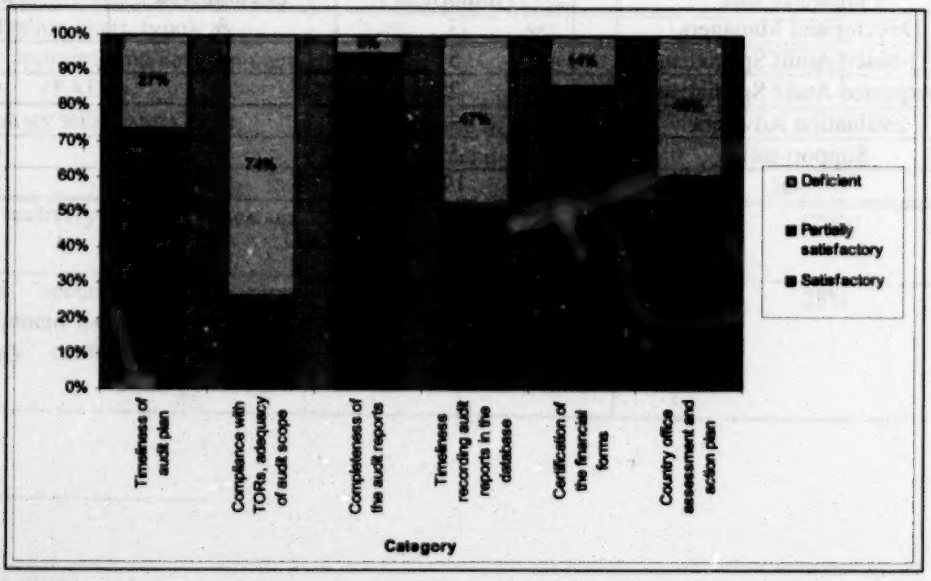


Figure 8: 2006 NEX evaluations



ANNEX 4: TABLES

Table 1: Number of reports and rating of reports issued by year

Year	Number of Reports (Per Cent)			
	Unsatisfactory	Partially Satisfactory	Satisfactory	Total
2004	4 (22%)	10 (56%)	4 (22%)	18 (100%)
2005	4 (15%)	19 (73%)	3 (12%)	26 (100%)
2006	7 (17%)	25 (59%)	9 (24%)	41 (100%)
2007	4 (23%)	10 (59%)	3 (18%)	17 (100%)*

* The total excludes one headquarter's report which had no rating.

Table 2: Distribution of 2007 recommendations ratings by risk category

Risk category	High	Medium	Low	Total
Process	198	206	133	537 (52%)
Relationship	126	62	24	212 (21%)
People	75	58	16	149 (15%)
Technology & systems	33	42	14	89 (9%)
External	27	8	2	37 (4%)
Total	459 (45%)	376 (37%)	189 (18%)	1024 (100%)

Table 3: DOS staffing as at 31 December 2007

Functional title	Authorized	Encumbered	Vacant
Director and Managers	3	3	0
HQ-based Audit Specialists	5	4	1
Outposted Audit Specialists	2	2	0
Evaluation Advisers	4	3	1
Support staff	5	5	0
Total	19	17	2

Table 4: Details of recurring findings and their change in frequency

Process risks	Percentage of Total Recommendations		Increase or (Decrease)
	2007	2006	
General administration	34%	38%	(4%)
Programme	22%	35%	(13%)
Finance	36%	21%	15%
Other	8%	6%	2%
Relationship risks	Percentage of Total Recommendations		
	2007	2006	
Project documents, letters of understanding, annual work plans	19%	17%	2%
National execution audit processes and results	19%	30%	(11%)
Financial reporting, controls and processes in partners	18%	30%	(12%)
Client needs and priorities	16%	na[5]	na
Co-financing and resource mobilization	6%	4%	2%
People risks	Percentage of Total Recommendations		
	2007	2006	
Service contracts and special service agreements	21%	42%	(21%)
Vacancies and timely recruitment	13%	14%	(1%)
Staff capacity and expertise	21%	13%	8%
Organization chart, typology	14%	5%	9%
Performance appraisal and development (PAD)	15%	10%	5%
Technology and system risks	Percentage of Total Recommendations		
	2007	2006	
Disaster recovery plan and back up of data	38%	45%	(7%)
Computer security, maintenance and equipment listings, information technology controls, Atlas user access	55%	32%	23%

[5] The 2006 figure could not be obtained as this sub-domain categorization was only created in 2007.

External risk areas	Percentage of Total Recommendations		
	2007	2006	
Security issues, compliance with security standards, insurance, missing commodities	57%	38%	19%
Emergency preparedness, response and post-emergency planning	19%	1%	18%